

State of Alaska FY2025 Governor's Operating Budget

Department of Health Medicaid Services Results Delivery Unit Budget Summary

Medicaid Services Results Delivery Unit

Contribution to Department's Mission

To provide health coverage to Alaskans in need.

Major RDU Accomplishments in 2023

- The department received federal approval for nine state plan amendments (SPA) during FY2023. Several amendment approvals align Alaska Medicaid with new or changing mandates, requirements, and guidance from the Centers for Medicare and Medicaid Services (CMS).
- The department published its Long-Term Forecast of Medicaid Enrollment and Spending in Alaska: FY2023-FY2043, a 20-year projection of spending on Medicaid services that demonstrates how the State of Alaska continues to bend the cost curve.
- Medicaid, Allocation, and Audit Services continues to monitor the enhanced COVID-19 federal medical assistance percentage of 6.2 percent, and has completed the first step-down to 5 percent, to successfully report additional federal reimbursement totaling approximately \$71.6 million.
- The department processed and issued an average of \$50.5 million per week in claims and related transactions.
- Total FY2023 general fund expenditures were \$617.9 million representing an increase of 1.5 percent from FY2022.
- Medicaid recipients or the enrollees who received a Medicaid service in FY2023 increased by 1.2 percent since FY2022.
- Medicaid Program Integrity programs recovered \$2.8 million; finalized and issued 61 audits under AS 47.05.200; and processed 775 self-audits from Medicaid providers.
- Medicaid, Allocation, and Audit Services completed timely certification and submittal of the state's Medicaid and Children's Health Insurance Program (CHIP) Expenditure and Budget quarterly reports and claims totaling \$2.69 billion annually.
- The Office of Rate Review is continuing collaboration with the Alaska State Hospital and Nursing Home Association (ASHNHA, now the Alaska Hospital and Healthcare Association) for development of the diagnosis related group payment methodology for inpatient hospital services project to explore moving from a cost-based per diem prospective payment system for inpatient hospital services to a diagnosis related group payment system based on the intensity of services provided. The project is targeted for implementation by July 1, 2023.
- The Division of Senior and Disabilities Services has fully implemented the approved American Rescue Plan Act enhanced federal medical assistance percentage (ARPA eFMAP) plan for home and community based services that qualifies for additional federal reimbursement and continues ongoing COVID-19 relief.

Key RDU Challenges

- The public health emergency associated with the COVID-19 pandemic continues to pose a challenge to ensuring adequate, safe health care services.
- Developing and implementing cost saving program updates while complying with a complex federal and state regulatory environment is a challenge.
- Both the Division of Health Care Services and Division of Behavioral Health administer contracts for complex Medicaid case management systems requiring considerable specialized staff resources and agency oversight.
- The Division of Health Care Services transitioned to a new fiscal agent for the Alaska Medicaid Management Information System (MMIS). The department will manage continued engagement with the previous vendor for the other components of the MMIS during the transition.
- The work performed by the department's Medicaid divisions and units directly affect enrollee benefits and/or payments to Medicaid providers and is always heavily impacted by complex legal challenges over its established regulations, services, rate setting methodologies, cost containment strategies, and implementation of federal regulations.
- The department is returning to the regular federal medical assistance percentage of 50.01 percent from the

enhanced COVID-19 rate of 56.2 percent received during the public health emergency. This return is a step-down of the enhanced COVID-19 rate across several quarters.

Significant Changes in Results to be Delivered in FY2025

- The department will have fully returned to the regular federal medical assistance percentage and will no longer have the enhanced COVID-19 rate received during the public health emergency.
- After the public health emergency ended, Medicaid eligibility will be redetermined for all cases unless an individual had requested to have their case closed, is no longer a resident of Alaska, or is deceased.

Contact Information
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**Medicaid Services
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2023 Actuals				FY2024 Management Plan				FY2025 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures												
Medicaid Services	606,810.9	1,904.0	2,068,902.6	2,677,617.5	692,153.7	20,714.1	1,760,028.5	2,472,896.3	696,077.5	20,714.1	1,768,220.1	2,485,011.7
Adult Prev Dental Medicaid Svcs	5,513.0	0.0	15,614.5	21,127.5	8,273.6	0.0	18,730.9	27,004.5	8,273.6	0.0	18,730.9	27,004.5
Non-Formula Expenditures												
None.												
Totals	612,323.9	1,904.0	2,084,517.1	2,698,745.0	700,427.3	20,714.1	1,778,759.4	2,499,900.8	704,351.1	20,714.1	1,786,951.0	2,512,016.2

Medicaid Services
Summary of RDU Budget Changes by Component
From FY2024 Management Plan to FY2025 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2024 Management Plan	699,997.5	429.8	20,714.1	1,778,759.4	2,499,900.8
One-time items:					
-Medicaid Services	-227.3	0.0	0.0	-2,046.0	-2,273.3
Proposed budget increases:					
-Medicaid Services	4,151.1	0.0	0.0	10,237.6	14,388.7
FY2025 Governor	703,921.3	429.8	20,714.1	1,786,951.0	2,512,016.2